

**MORTON SCHOOL DISTRICT No. 214**  
**Lewis County, Washington**  
**September 1, 1990 Through August 31, 1992**

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**Schedule Of Findings**

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1. District Officials Should Supplement Not Supplant State Or Local Funds With Federal Handicapped Funds

For the fiscal year ended August 31, 1991, the aggregate amount expended by the district for the education of handicapped students using state and local funds was \$25,733.73 less than the aggregate amount spent in the most recent preceding fiscal year. For fiscal year 1991, federal funding received for handicapped education was predicated on the previous year's expenditures. However, the lower level of fiscal year 1991 expenditures made the district ineligible for \$9,052 of the federal funding. Federal handicapped funds are to supplement and, to the practicable, increase the level of state and local funds expended, and in no case to supplant those state and local funds. These are supplanted expenditures.

*34 Codification of Federal Regulations*, Section 300.230 states in part:

The total amount or average per capita amount of state and local school funds budgeted by the local educational agency (district) for expenditures in the current fiscal year for the education of handicapped children must be at least equal to the total amount or average per capita amount of state and local school funds actually expended for the education of handicapped children in the most recent preceding fiscal year for which the information is available.

The federal handicapped funds are provided to be additional to the state and local funds spent for the education of handicapped children. The requirement of the federal program is to not supplant funds which have been "expended." Therefore, federal funds may not be used for any costs which were previously paid for with state or local funds. If the district has spent less state or local funds in the current year than the preceding year, either in the aggregate or average per capita, the federal funds are being used for costs previously paid with state or local funds.

Although the district officials budgeted for the current fiscal year an amount in aggregate and/or average per capita at least equal to that actually spent in the most recent preceding year, they did not actually spend as much as in the preceding year either in the aggregate or average per capita amount.

The amount of supplanted expenditures is the lesser of the amount of decrease in aggregate expenditures or average per capita amount, whichever method brought the district closer to compliance with the nonsupplanting requirement.

This condition occurred because district officials do not have procedures to monitor the actual expenditures of the handicapped programs to ensure that the minimum amount either in the aggregate or average per capita amount will be spent by the end of the fiscal

year.

Supplanted costs for this program mean that the handicapped children are not receiving the same level of services as those provided in the previous year.

We recommend district officials supplement the federal handicapped program by spending state and local funds in an amount at least equal in the aggregate or average per capita for the education of handicapped children in the current fiscal year as it did in the preceding year.

We also recommend district officials develop and implement monitoring procedures to ensure that the current level of spending from state and local funds is in compliance with the nonsupplanting requirement.

We further recommend that the district reimburse the federal handicapped program \$9,052.